

October 8, 2026

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File No. 4-933; Release No. 33-11447 — Potential Designation of Chartered Financial Analyst Designation as Qualifying Natural Persons for Accredited Investor Status

Dear Secretary Countryman:

I have been a CFA charterholder since 2015 and am currently active. Further, I have held the Series 7, Series 63, and Series 87 registrations, with an exemption from the Series 86 examination based on completion of CFA Levels I and II. I also teach finance courses at the university level and have been working in finance and investments since 2011. My career has spanned back-office finance, equity research, and buy-side private equity investing.

The record, through previous SEC and contributor commentary, has been established regarding the efficacy of the CFA charter as an acceptable professional credential to include in the definition of an accredited investor. I agree with most of the established commentary in support of the CFA charter's inclusion, including that the CFA charter covers a more comprehensive set of finance, investing, portfolio management, and risk topics than the Series 7.

I would instead like to focus on an area that I have not seen receive as much commentary:

Investor Protection

The historic reasoning behind the accredited investor's income or net worth requirement has been, at least in part, that relatively wealthy investors can absorb total loss on an investment and are sufficiently sophisticated to understand the risks they are taking. The implicit assumption is that their relative wealth means that they understand those risks and can appropriately size investments so as not to encounter financial ruin if one should fail.

I think this thinking is inherently flawed.

Today, many wealthy people attain their wealth by taking relatively concentrated and outsized risk positions in order to retain enough equity in those positions to generate meaningful wealth. That may be an entrepreneur putting "everything" into a company and succeeding, or an executive never meaningfully diversifying away from company stock and compounding substantial returns over time.

Of course, real-world dynamics do not necessarily frame these decisions as unusually risky bets from a portfolio perspective, but that is exactly what they are. Further, success in these endeavors can reinforce the belief that concentrated risk-taking is not only acceptable, but necessary for outsized success.

This creates a potential paradox in the current framework. The very characteristics that allow an investor to become wealthy enough to qualify as accredited may, in some cases, reinforce the tendency to take concentrated or outsized positions. An investor who became wealthy by putting “everything” behind one successful company or idea may be more, not less, confident in doing so again.

Thus, the investor-protection concerns that the wealth criterion was hoping to alleviate may actually be exacerbated by wealth itself. Wealth clearly increases an investor’s capacity to absorb loss, but it does not necessarily improve that investor’s ability to identify, measure, or appropriately size risk. In some cases, prior financial success may increase confidence in precisely the types of concentrated risk-taking that portfolio theory would caution against.

The CFA charter, through its education programming around, among other things, investment and portfolio risk, trains investors to think about investment sizing and portfolio concentration as first principles.

Accordingly, although inclusion of the CFA charter will, by definition, allow some less-wealthy individuals to become accredited investors, I do not believe that necessarily creates greater investor-protection risk. A Charterholder is specifically trained to consider how much risk an investment contributes to a portfolio and how much capital should appropriately be allocated to it.

Additionally, the current wealth definition does not require accredited investors to have any experience in finance or investing whatsoever. A person may qualify entirely because of income or net worth without ever demonstrating an ability to understand the securities, structures, risks, or portfolio implications of the investments available to accredited investors.

The CFA charter directly addresses this shortfall.

For these reasons, I support the inclusion of the CFA charter as a qualifying professional credential under the accredited investor definition. In my view, the designation would not weaken the investor-protection framework. Rather, it would recognize demonstrated financial sophistication alongside financial capacity and would better reflect the skills required to evaluate and appropriately assume investment risk.

Respectfully submitted,

/s/ Eric McCarthy
Eric McCarthy, CFA